

Senator Craig Pridemore

WASHINGTON STATE SENATE

49th LEGISLATIVE DISTRICT

WINTER 2007



Stay in touch!

Please keep me informed of your ideas, concerns and community activities.

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Senate Committees:
Government Operations & Elections
Water, Energy & Telecommunications
Ways & Means, Vice-Chair Operating Budget

Friends and Neighbors,

The 2007 legislature session is now in full swing. Some big issues are already taking shape and I wanted to give you an update on what I'll be working on between now and adjournment at the end of April.

As is the case in odd-numbered years, legislators will be writing the state budgets this year. No doubt you've already heard reports of the state's rare budget surplus. You've also probably heard a figure in the neighborhood of \$2 billion tossed around. Both the word 'surplus' and the \$2 billion amount itself are misnomers, and I have plenty to say about them inside this newsletter. Suffice it to say, legislators still need to exercise considerable restraint when it comes to state spending.

Budget discussions for the session are guaranteed to focus on this so-called surplus and which fiscal policy approach we should use in dealing with it. I've had a seat on the budget-writing Ways & Means Committee the past two years. This session I've taken on additional duties as Vice Chair for the Senate Operating budget, which puts me right at the center of the budget decision making process. I'm spending many hours into the night meeting with my colleagues, stakeholders and staff experts to craft a budget that matches the priorities of Senate Democrats and the people we represent all across the state. These new duties give me an opportunity to make a greater contribution to southwest Washington and the state as a whole.

Because of my increased budget duties, I no longer serve on the Early Learning, K-12 & Higher Education Committee, although I am still very passionate about the issues. This session, the Legislature will consider the recommendations of Washington Learns, a panel of educators, business leaders and legislators who have been meeting over the past 18 months to improve our state's education system. There were three advisory committees: one for early learning, one for K-12, and one for higher education. I was a member of the Higher Education Advisory Committee. I'll be following the Washington Learns recommendations closely, and will definitely continue to oppose the idea of using the WASL as a graduation requirement.

I remain on the Senate Water Energy & Telecommunications Committee and on the Senate Governmental Operations & Elections Committee – two committees that are important to the issues that matter to residents of southwest Washington, as they deal with the environment, and growth management and elections issues, respectively.

As always, I am happy to hear from you – by e-mail, phone call, or letter – and I'll be sure to keep in touch. I also encourage you to visit my blog. I try to update it at least three or four times a week with a near-daily account of what I've been up to. I've had a difficult time keeping up with it this session, but I'll try harder. You can find it at: www.sdc.wa.gov/pridemoreblog.htm

Sincerely,

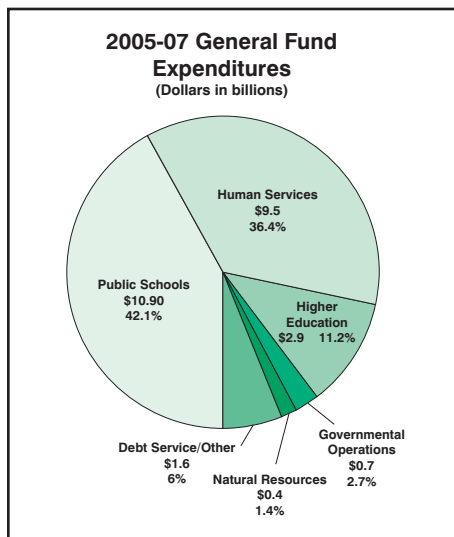
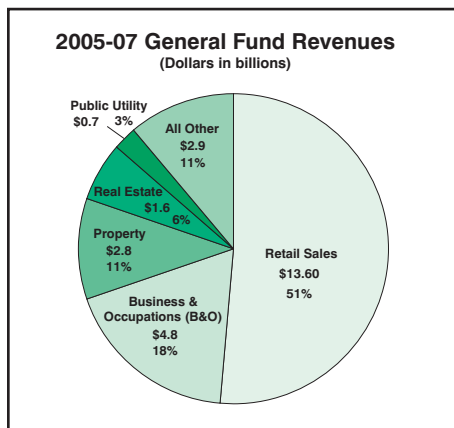
Craig A. Pridemore

Budget

Three legislative budgets

The general fund budget pays for the day-to-day operation of state government and is funded mainly by the state sales tax.

In the 2005-07 general-fund budget, these revenues and expenditures came from:



The other two budgets written by the Legislature include the state transportation budget and the state capital budget. These budgets are completely separate from the general fund budget.

The transportation budget is funded by the state's portion of the gas tax revenue and proceeds from transportation licenses, permits and fees.

The capital budget funds the maintenance and construction of state buildings, public schools, colleges and universities, public lands and parks, mainly through the sale of bonds.

Surplus

First of all, the term surplus is not accurate. Our lack of an income tax makes our state unusually impacted by the whims of the economy. While tax receipts are higher today than the budgets we wrote the past two sessions – largely due to the hot housing market – budget writers like me are mindful that a dip in the economy can spell disaster for the state budget.

Since Sept. 11, 2001, it's become commonplace for the state to begin the New Year facing budget shortfalls of greater than \$1 billion. Twice, we've had shortfalls of greater than \$2 billion. All economic signs indicate that the hot housing market is already cooling off. We shouldn't make budget decisions on the assumption that the high tax receipts brought in by the hot housing market will continue for much longer.

Also, half of that \$2 billion dollar surplus was reserved in advance during the last legislative session to cover the growing cost of essential state services in health care and education. State governments all across the country are facing the challenge of paying for health care services, which are increasing at three times the cost of inflation. Costs in education for teacher salaries, classroom sizes, classroom supplies, equipment, transportation and energy are on the rise as well.

Costs and caseloads (number of people served) are also growing in other policy areas, such as child welfare, corrections and mental health

treatment. It is getting more expensive just to stand still.

Finally, our state has about \$3.54 billion in unfunded liability in our public pension system. We're on a schedule to pay off this liability by 2024, but the fiscal crisis we faced after Sept. 11, 2001, caused us to defer about \$350 million in pension payments. We still have to pay off \$3.54 billion by 2024 – only now we have to pay for them in much larger increments than initially scheduled. This is an issue of vital importance to the fiscal health of our state.

It's a top priority of mine to make sure we are on target to pay our legal pension obligations on time. We can make big progress on this issue by eliminating so-called gain-sharing benefits. Gain-sharing takes 50% of the "excess" gains out of the pension system during the good times, but it doesn't backfill 50% of the losses when the times are not so good. We can't afford to continue a system that lowers our returns in this manner. Eliminating gain-sharing would eliminate nearly a third of the unfunded liability.

These facts should help put the so-called surplus in context, and discourage the notion that the state has a free couple billion dollars to spend on new policy additions. The reality is, we don't. As the Senate's lead on the operating budget, my challenge is to build consensus around key policy priority areas such as education and health care while ensuring financial sustainability within the state budget. It's a delicate balance, but I'm confident that we can meet the needs of Washingtonians today while also preserving our ability to meet them tomorrow.

Washington Center for Semiconductor Research and Innovation

Semiconductor manufacturers make key components found in computers, cell phones, MP3 players and handheld devices, and are a growing sector of the high-tech industry and our economy as a whole. Southwest Washington is the home of our state's semiconductor industry, but without a research university to help drive our local industry forward, our nationally recognized tech cluster is at a disadvantage.

This session, we have an opportunity to establish the Washington Center for Semiconductor Research and Innovation at WSU-Vancouver. As proposed by the Columbia River Economic Development Council, this new research institution will not only generate new ideas for the next breakthrough in high tech electronics, but will provide a workforce trained in engineering and manufacturing to get those ideas to market as usual, sellable products.

My new role as vice chair for the Ways & Means Committee will give me a greater opportunity to make sure the needs of southwest Washington are met. At the top of my priority list this session is providing funding to get this new research institution off the ground, including funds for building and laboratory construction costs, as well as engineering enrollments and workforce training costs.

The positive impact of such a venture on our local and state economies could be incredible. Existing firms would find a new talent pool ready to develop cutting-edge products. We would expect to see firms from outside the area relocate to Clark County for the same reasons. And, as has happened elsewhere, faculty, students and staff would themselves begin their own start-up ventures. The result could lead to thousands of new jobs and millions of dollars in sales revenues.



Washington Learns

The recommendations from the Washington Learns panel are extensive and wide-ranging. We will see a package of bills based upon these recommendations, which will likely include:

- Eliminating the inequities in the K-12 funding formula;
- Improving student achievement in math and science;
- Expanding access to early learning programs; and
- Reducing class sizes.

There will also be proposals designed to make higher education more accessible, affordable and accountable. We will likely see discussions on whether the Legislature should retain tuition setting authority and whether a cap on tuition increases should be maintained.



WASL update

In November, the Office of the Superintendent of Public Instruction released results of the WASL retake test administered in August. The results were a perfect illustration of the reasons why we should not use the WASL as a high school graduation requirement:

For the class of 2008, the results thus far are as follows:

- 87% of students have now passed reading,
- 86% of students have now passed writing,
- 58% of students have now passed math, and
- **56% of students have now passed all three subjects, and would receive the necessary certificate of academic achievement (CAA) to graduate!**

But let's break these results down and see how the WASL is hurting different groups of young people in the state:

- 36% of Native American students would receive the CAA,
- 28.5% of African American students would receive the CAA,
- 29.6% of Hispanic students would receive the CAA,

- 64.1% of Asian students would receive the CAA,
- 60.4% of White students would receive the CAA, and
- 34.2% of low-income students would receive the CAA.

I will continue to bring my staunch opposition to using the WASL as a graduation requirement, but, to be fair, these numbers make the case for me.

Higher education

Higher education is and always has been a priority for me, and my new budget duties will allow me to help determine the overall funding levels in our state's higher education system. This includes funding for:

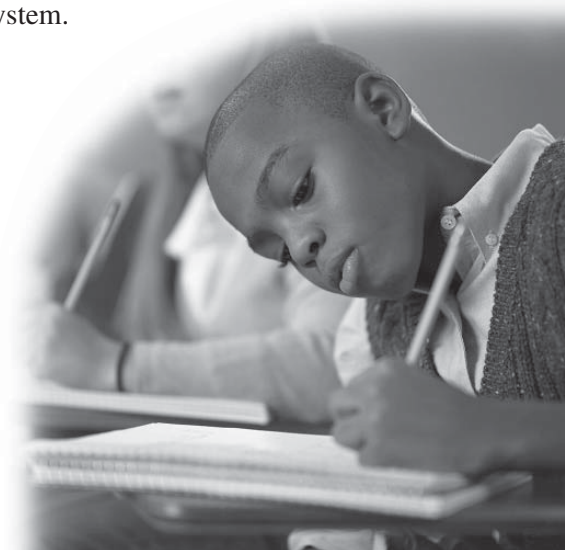
- additional general enrolments,
- additional high-demand enrolments,
- math and science scholarships for high school students,
- opportunity grants for low-income adults,
- setting tuition levels at our state colleges and universities; and
- broadening the eligibility for financial aid.

49th Legislative District Town Hall

Please join me, along with state Reps. Jim Moeller and Bill Fromhold, on Saturday, March 17 for a town hall meeting.

We'll be meeting from 10 a.m. to noon at the Clark County Elections Department Conference Room 226, located at 1408 Franklin Street, Vancouver.

We hope to see you there!



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